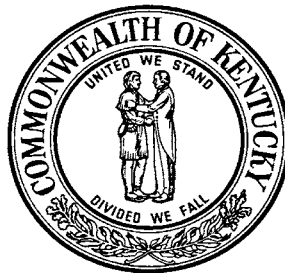


**REPORT OF THE AUDIT OF THE  
HENDERSON COUNTY  
SHERIFF'S SETTLEMENT - 2000 TAXES**

**August 7, 2001**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Sandy Lee Watkins, Henderson County Judge/Executive

Honorable Dennis Clary, Henderson County Sheriff

Members of the Henderson County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the Henderson County Sheriff's Settlement - 2000 Taxes.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Henderson County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Enclosure





**REPORT OF CARPENTER, MOUNTJOY & BRESSLER, P.S.C  
AUDIT EXAMINATION OF THE  
HENDERSON COUNTY  
SHERIFF'S SETTLEMENT - 2000 TAXES**

**August 7, 2001**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**HENDERSON COUNTY**  
**SHERIFF'S SETTLEMENT - 2000 TAXES**

**August 7, 2001**

Carpenter, Mountjoy & Bressler, PSC has completed the audit of the Sheriff's Settlement - 2000 Taxes for Henderson County Sheriff as of August 7, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$13,074,305 for the districts for 2000 taxes. The Sheriff distributed taxes of \$12,664,990 to the districts for 2000 taxes. Taxes of \$24 are due to the districts from the Sheriff and refunds of \$490 are due to the Sheriff from the taxing districts.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.





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# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky

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Finance and Administration Cabinet

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Honorable Sandy Lee Watkins, Henderson County Judge/Executive

Honorable Dennis Clary, Henderson County Sheriff

Members of the Henderson County Fiscal Court

## Independent Auditor's Report

We have audited the Henderson County Sheriff's Settlement - 2000 Taxes as of August 7, 2001. This tax settlement is the responsibility of the Henderson County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

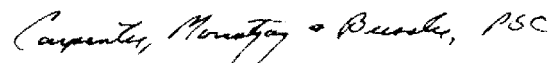
As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Henderson County Sheriff's taxes charged, credited, and paid as of August 7, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Sandy Lee Watkins, Henderson County Judge/Executive  
Honorable Dennis Clary, Henderson County Sheriff  
Members of the Henderson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 21, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
August 21, 2002

HENDERSON COUNTY  
DENNIS CLARY, SHERIFF  
SHERIFF'S SETTLEMENT - 2000 TAXES

August 7, 2001

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,233,164	\$ 1,132,976	\$ 5,763,700	\$ 1,900,352
Tangible Personal Property	177,546	170,818	803,629	899,463
Intangible Personal Property				402,478
Fire Protection	1,091			
Increased Through Erroneous Tax Assessments	481	434	2,249	737
Franchise Corporation Taxes	132,581	126,714	609,760	
Additional Billings	686	619	3,205	1,051
Unmined Coal - 1995 Taxes	11	10	52	20
Unmined Coal - 1998 Taxes	1	1	6	2
Unmined Coal - 2000 Taxes	11,397	10,282	53,268	17,467
Oil/Gas Property Taxes	7,736	6,980	36,160	11,857
Limestone, Sand, and Mineral Reserves	35	31	162	53
Penalties	8,417	7,723	39,206	17,787
Adjusted to Sheriff's Receipt	(91)	(49)	(395)	19
Gross Chargeable to Sheriff	<u>\$ 1,573,055</u>	<u>\$ 1,456,539</u>	<u>\$ 7,311,002</u>	<u>\$ 3,251,286</u>
<u>Credits</u>				
Exonerations	\$ 6,155	\$ 5,726	\$ 28,205	\$ 20,313
Discounts	22,983	21,259	106,876	53,609
Delinquents:				
Real Estate	29,241	26,538	136,588	44,790
Tangible Personal Property	1,143	1,100	5,174	4,747
Intangible Personal Property				1,478
Unmined Coal - 2000 Taxes	204	184	952	312
Total Credits	<u>\$ 59,726</u>	<u>\$ 54,807</u>	<u>\$ 277,795</u>	<u>\$ 125,249</u>
Net Tax Yield	\$ 1,513,329	\$ 1,401,732	\$ 7,033,207	\$ 3,126,037
Less: Commissions *	<u>64,604</u>	<u>59,574</u>	<u>140,664</u>	<u>133,144</u>
Net Taxes Due	\$ 1,448,725	\$ 1,342,158	\$ 6,892,543	\$ 2,992,893
Taxes Paid	1,447,680	1,340,892	6,886,463	2,989,955
Refunds (Current and Prior Year)	<u>1,350</u>	<u>1,249</u>	<u>6,265</u>	<u>2,931</u>
Due Districts or (Refunds Due Sheriff)		**		
as of Completion of Fieldwork	<u>\$ (305)</u>	<u>\$ 17</u>	<u>\$ (185)</u>	<u>\$ 7</u>

\* and \*\* See Page 4

HENDERSON COUNTY  
DENNIS CLARY, SHERIFF  
SHERIFF'S SETTLEMENT - 2000 TAXES  
August 7, 2001  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	6,031,098
2% on	\$	7,033,207

\*\* Special Taxing Districts:

Library District	\$	9
Health District		5
Extension District		<u>3</u>
Due Districts	\$	<u><u>17</u></u>

The accompanying notes are an integral part of the financial statement.

HENDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT

August 7, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of August 7, 2001 Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

HENDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 7, 2001  
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 2, 2000 through May 10, 2001.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2000. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 22, 2000 through May 10, 2001.

Note 4. Interest Income

The Henderson County Sheriff earned \$36,296 as interest income on 2000 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Henderson County Sheriff collected \$50,647 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Henderson County Sheriff collected \$5,451 of advertising costs and advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the fee account as required by statute, and the advertising fees will be used to operate the Sheriff's office.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky

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Members of the Henderson County Fiscal Court

## Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Henderson County Sheriff's Settlement - 2000 Taxes as of August 7, 2001, and have issued our report thereon dated August 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Henderson County Sheriff's Settlement - 2000 Taxes as of August 7, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Henderson County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

*Carpenter, Mountjoy & Bressler, PSC*

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
August 21, 2002

